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COMMONWEALTH of VIRGINIA

Office of the Attorney General

Richmond 23219

May 16, 2003

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HAND DELIVERY

Joel H. Peck, Clerk
c/o Document Control Center
State Corporation Commission
1300 East Main Street
Richmond, Virginia 23219

**RE: Ex Parte: In the matter concerning the provision of default service to retail customers under the provisions of the Virginia Electric Utility Restructuring Act
SCC Case No. PUE-2002-00645**

Dear Mr. Peck:

Pursuant to the Commission's Order Establishing Investigation of December 23, 2002, please accept this letter, filed as an original and 15 copies, as the comments of the Division of Consumer Counsel, Office of the Attorney General (Consumer Counsel), to the Staff Report of May 1, 2003.

Consumer Counsel generally endorses the Staff Report. The Report correctly recognizes the current state of restructuring within the Commonwealth of Virginia and the fact that competitive markets are not yet fully developed. Consumer Counsel supports the recommendation that, effective January 1, 2004 and until modified by the Commission, the investor-owned incumbent utilities provide Default Service at capped rates to all retail customers requiring such service within their respective service territories. Given the currently negligible amount of competition within Virginia, the Report's simplistic, yet flexible, approach best serves consumers and the public interest.

Consumer Counsel also agrees that the components of Default Service should include all elements of "Electricity Supply Service," as defined by the Commission's Rules Governing Retail Access to Competitive Energy Services. At this time, the bundled service approach will minimize customer confusion regarding the provision of default services. Consumer Counsel also agrees that the Commission should not foreclose the possibility that it may be advantageous in the future to alter the components of Default Service.

Joel H. Peck, Clerk

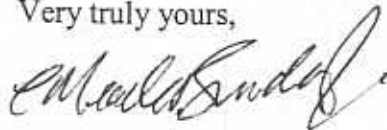
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Consumer Counsel believes that the practicality of altering the components of Default service as well as the provider of Default Service should be reconsidered within the context of the market as it may exist at a future time. The flexible approach adopted by Staff's Report appropriately provides the ability for such issues to be reconsidered once the composition of the market has sufficiently stimulated the interest of competitive suppliers within the Commonwealth.

Consumer Counsel appreciates having had the opportunity to participate in the Default Service work group to assist the Staff in developing its recommendations on this important issue.

Very truly yours,

A handwritten signature in cursive script, appearing to read "C. Meade Browder, Jr.", written in dark ink.

C. Meade Browder, Jr.
Senior Assistant Attorney General
Insurance and Utilities Regulatory Section